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ELECTRONIC DATA-PROCESSING PROGRAMME

Report by the Director-General

Addendum

Summary

In compliance with decision GC.4/Dec.18 of the General Conference, reports on the amounts of all contractual commitments concerning the EDP programme, from 1 January 1992 onwards. Provides, in table 1 of the annex, an update of the cost of EDP programme implementation for 1992.

Annex

Table — Page

1. Cost of 1992 implementation, as at 30 April 1992 — 2

2. Contractual commitments, January - April 1992 — 3

1. The General Conference, in its decision GC.4/Dec.18, inter alia, urged the Director-General to report to the Programme and Budget Committee at its eighth session on the amounts of all contractual commitments concerning the electronic data-processing (EDP) programme, from 1 January 1992 onwards.

2. Table 1 of the annex to the present document reflects the costs of implementing the EDP programme in 1992 and table 2 gives a detailed breakdown of EDP-related contractual commitments. Most of the contracts are for 12 months or are open-ended. These yearly or open-ended contracts may be terminated with advance notice of one to three months to the supplier. Contracts covering the mainframe lease extend through 30 June 1994, while the contract for the mainframe software expires on 31 December 1994. A number of contracts covering the lease of personal computers continue until 31 December 1993.

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Annex

COMPUTERIZATION PROGRAMME OF UNIDO

Table 1

Cost of 1992 implementation, as at 30 April 1992

(In US dollars at US$ 1 = AS 12.90)

	1992 allotments (1)	Disbursements 1/1-30/4/92 (2)	Obligations (3)	Expenditure (2 + 3) (4)	Balance (1 - 4) (5)
Staff costs	1,865,400	580,817	18,563	599,380	1,266,020
Income	(140,200)	(51,971)	-	(51,971)	(88,229)
Mainframe					
Hardware	853,200	289,745	563,380	853,125	75
Software	693,200	223,093	396,937	620,030	73,170
Operation and maintenance	1,057,300	264,326	792,974	1,057,300	-
Office Automation					
Hardware	566,100	85,866	203,351	289,217	276,883
Software	50,000	-	139	139	49,861
Maintenance	349,600	117,367	171,266	288,633	60,967
Other					
Supplies and materials	239,500	1,352	79,276	80,628	158,872
Network	192,400	10,295	61,433	71,728	120,672
External computer costs	35,000	5,370	29,630	35,000	-
Training	128,100	32,032	78,465	110,497	17,603
Consultancy support	100,000	-	65,062	65,062	34,938
Software development	77,500	-	400	400	77,100
Income	(160,000)	-	-	-	(160,000)
Total	5,907,100	1,558,292	2,460,876	4,019,168	1,887,932

Notes

1. Allotments represent the 1992 portion of 1992-1993 appropriations excluding inflation on non-staff costs.

2. Obligations include contractual commitments for 1992.

Table 2.

Contractual commitments, January - April 1992

(In US dollars at US$ 1 = AS 12.90)

Contract number	Supplier	Description	Period	1992	1993	1994	1995	TOTAL
92/319	IBM	Mainframe leasing	07/02/89-30/06/94	790,698	790,698	2,435,594	-	4,016,990
92/295	IBM	Software licence	07/02/89-31/12/94	456,205	456,205	456,205	-	1,368,615
92/303	IBM	Facilities Management	01/07/90-31/12/94	1,057,302	1,057,302	1,057,302	-	3,171,906
92/300	IBM	Token ring network	07/02/89-31/12/94	14,056	14,056	14,056	-	42,168
92/230	IBM	Computer manuals	01/01/92-31/12/92	9,690	-	-	-	9,690
92/318	Olivetti	Leasing of 100 PCs	01/10/89-30/09/93	100,279	75,209	-	-	175,488
92/291	Olivetti	Leasing of printers	01/10/89-30/09/93	60,694	45,520	-	-	106,214
92/345	Olivetti	Maintenance and repair of Olivetti PCs	01/01/92-29/02/92	26,849	-	-	-	26,849
92/284	Wang	Leasing of PCs and printers	01/03/90-28/02/94	70,750	70,750	11,790	-	153,290
92/292	Dataservice	Lease of PCs	01/04/89-31/05/93	15,005	5,660	-	-	20,665
92/321	MBA	Lease of PCs	12/12/89-31/12/93	16,477	16,477	-	-	32,954
92/302	Rank Xerox	Maintenance/copier/ RX4090 printer	01/07/90-open-ended	62,065	-	-	-	62,065
92/224	Rank Xerox	Rental/maintenance/ copier RX4050 printer	01/01/91-open-ended	97,387	-	-	-	97,387
92/327	Rank Xerox	Rental - 2x4046 printer	04/04/89-open-ended	6,716	-	-	-	6,716
92/320	Rank Xerox	EPIC and HFDL software maintenance	01/12/89-open-ended	2,944	-	-	-	2,944
92/346	Rank Xerox	Cost of prints for laser printers	01/01/92-31/12/92	34,884	-	-	-	34,884
92/347	Rank Xerox	Maintenance of laser printers	01/01/92-31/03/92	7,581	-	-	-	7,581
92/348	Rank Xerox	Maintenance of laser printers	01/01/92-31/03/92	800	-	-	-	800
92/299	Candle	Omegamon software maintenance	01/07/89-open-ended	22,419	-	-	-	22,419
92/306	Computer Associates	Librarian MVS software maintenance	04/12/89-open-ended	22,133	-	-	-	22,133
92/288	APT	Oliver software maintenance	11/12/89-open-ended	6,089	-	-	-	6,089
92/307	SAS Heidelberg	SAS Base System and utilities	01/04/90-open-ended	50,090	-	-	-	50,090
92/245	SAS Heidelberg	Computer manuals	01/01/92-31/12/92	4,884	-	-	-	4,884
	Sub-total			2,935,997	2,531,877	3,974,947	-	9,442,821

Table 2 (continued)

Contract number	Supplier	Description	Period	1992	1993	1994	1995	TOTAL
92/296	Software AG	ADABAS maintenance	28/12/89-open-ended	45,888	-	-	-	45,888
92/246	Software AG	Computer manuals	01/01/92-31/12/92	4,806	-	-	-	4,806
92/231	General Electric	Geisco service	01/01/92-31/12/92	15,504	-	-	-	15,504
92/248	Gammag	Maintenance and repair Wang master CPUs	01/01/92-31/12/92	52,656	-	-	-	52,656
92/248	Gammag	Wang software support	01/01/92-31/12/92	13,029	-	-	-	13,029
92/307	IAEA	Computer usage	07/02/89-open-ended	4,651	-	-	-	4,651
92/229	IAEA	Maintenance of LTCs	01/01/92-31/12/92	7,643	-	-	-	7,643
92/229	IAEA	Rental of LTCs	01/01/92-31/12/92	10,060	-	-	-	10,060
92/297	University of Vienna	EARN participation	01/01/92-31/12/92	7,442	-	-	-	7,442
92/309	International Computing Centre, Geneva	Participation	01/01/92-31/12/92	31,000	-	-	-	31,000
92/311	Telerate	Financial market information	01/01/92-31/12/92	6,880	-	-	-	6,880
92/314	PTT	Rental and use of line	01/01/92-31/12/92	1,163	-	-	-	1,163
92/232	PTT	Rental and use of line	01/01/92-31/12/92	19,690	-	-	-	19,690
92/233	Radio Austria	Rental and use of line	01/01/92-31/12/92	1,163	-	-	-	1,163
92/234	PTT	Rental and use of line	01/01/92-31/12/92	9,302	-	-	-	9,302
92/235	Radio Austria	Rental and use of line	01/01/92-31/12/92	2,326	-	-	-	2,326
92/236	PTT/Radio Austria	Rental and use of line	01/01/92-31/12/92	349	-	-	-	349
92/237	PTT	Rental and use of line	01/01/92-31/12/92	698	-	-	-	698
92/212	Prager Consult	Training	01/01/92-30/06/92	96,613	-	-	-	96,613
92/251	Andersen Consulting	Consultancy	Dec.1991-31/12/92	65,000	-	-	-	65,000
92/349	TSG	Maintenance/repair of UNIDO computer equipment	01/01/92-31/03/92	56,203	-	-	-	56,203
92/339	Alcatel	Leasing of 12 PCs	01/01/92-31/05/92	5,863	-	-	-	5,863
92/350	Maschinda	Maintenance of bar code reader (UNIDO portion)	01/01/92-31/12/92	914	-	-	-	914
	TOTAL			3,394,840	2,531,877	3,974,947	-	9,901,664

Abbreviations

CPU Central processing unit
LTC Local terminal controller
PC Personal computer

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GUIDELINES AND PROCEDURES GOVERNING ACCEPTANCE AND FUNDING UNDER SPECIAL TRUST FUNDS, INDUSTRIAL DEVELOPMENT FUND AND THE REGULAR BUDGET

Regulatory framework for the implementation of Articles 16 and 17 of the Constitution

Report by the Director-General

Summary

In accordance with resolution GC.4/Res.28 describes the steps taken to revise the regulatory framework for the implementation of Articles 16 and 17 of the Constitution and submits the requested draft additions to the Board at its tenth session.

1. The Director-General, in his note to the Board at its eighth session (IDB.8/33), described the existing regulatory framework for the implementation of Article 16 of the Constitution concerning voluntary contributions. In paragraphs 9 and 10 of the note, the Director-General referred in particular to his bulletin UNIDO/DG/B.18 of 28 February 1986 containing guidelines on the preparation, processing, monitoring and negotiation of trust fund projects not funded from the Industrial Development Fund. In view of the growth experienced in the special trust fund programme and in order to take into account the experience gained by the Secretariat since UNIDO became a specialized agency, the Director-General announced his intent to revise bulletin No. 18 to provide a more detailed set of guidelines and procedures for special trust fund projects as well as for projects funded by the Industrial Development Fund and the regular budget (ibid., para. 10).

2. The present report is submitted pursuant to the following requests made by the policy-making organs: At its eighth session the Board adopted decision IDB.8/Dec.34 on evaluation of the objectives and functions of UNIDO in view of recent changes and developments in the world, which, in its paragraph (e), requested the Director-General to expedite the work on the revised bulletin with a view to enabling the Programme and Budget Committee to review it at its eighth session. Thereupon the General Conference, in paragraph 1 of resolution GC.4/Res.20, reiterated paragraph (e) of Board decision IDB.8/Dec.34, and in paragraph 8 of resolution GC.4/Res.28 on guidelines for special trust fund projects, inter alia invited the Director-General to report on the steps taken to revise the regulatory framework for the implementation of Articles 16 and 17 of the Constitution.

3. The Director-General has approved the issuance of a revised and expanded version of the above-mentioned bulletin which will be entitled "Model agreements and related guidelines for projects financed from trust funds, special-purpose contributions to the Industrial Development Fund, the general pool of the Industrial Development Fund or the regular budget". It is expected that the revised bulletin UNIDO/DG/B.18/Rev.1 will be available before the eighth session of the Programme and Budget Committee.

4. In chapter I, Introduction, Applicability of the new bulletin, a pragmatic approach is taken to the form in which project documents shall normally be approved on behalf of the Governments of recipient countries. For projects above a certain size, such approval should normally be expressed through a signature on the project document itself, while such acceptance may continue to be expressed and recorded by the Secretariat in a less formal manner for smaller projects and for regional, interregional and global projects. Taking into account that the purpose of the bulletin is to establish guidelines to be followed whenever possible, the Director-General will

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continue to apply those procedures in a flexible manner.

5. With respect to the guidelines in chapter III of the bulletin on the necessary legal framework that must be established between UNIDO and the Governments of recipient countries, attention is drawn to the fact that the Standard Basic Cooperation Agreement is applicable in only 18 Member States while it has been formally proposed to 120 Member States. Although negotiations are being actively pursued with a substantial number of Governments, it would greatly facilitate the Secretariat's implementation of future projects if more Governments would conclude the Standard Basic Cooperation Agreement with UNIDO, since in that event the ad hoc legal arrangements outlined in chapter III of the bulletin would normally no longer be necessary.

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REPORT OF THE EXTERNAL AUDITOR, FINANCIAL PERFORMANCE REPORT AND PROGRAMME PERFORMANCE REPORT FOR THE BIENNIUM 1990-1991

Comments of the Director-General on the report of the External Auditor

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Introduction

1. The Director-General, in presenting his comments on the report of the External Auditor covering the period 1990-1991 (IDB.10/4-PBC.8/9), would like to acknowledge, with thanks, the observations and constructive recommendations made in the report. As in previous bienniums, the External Auditor has conducted a detailed examination of the financial and administrative procedures of UNIDO, particularly in the areas of financial management, purchasing and contracting, electronic data-processing and evaluation of technical cooperation activities. The Director-General notes with appreciation that comments of the Administration are included in the External Auditor's report. The present document provides additional comments on the items requiring special attention under the main audit activity groupings contained in the report of the External Auditor.

I. SPECIFIC COMMENTS

Budgeting, accounting and financial reporting procedures (paras. 11-22 and 38-106)

Regular budget implementation (paras. 11 and 38-44)

2. The reduced level of unliquidated obligations as at 31 December 1991 when compared with previous fiscal periods results from a rigorous review of outstanding obligations by the Secretariat prior to the end of the 1990-1991 biennium. The Secretariat intends to maintain an ongoing review of unliquidated obligations throughout the 1992-1993 biennium.

Regular budget "other income" (paras. 12-15 and 45-59)

3. The financing of the shortfall in income from the unutilized balance of appropriations for the biennium 1986-1987 as approved in General Conference decision GC.4/Dec.15, paragraph (c)(ii) together with the relatively high level of unutilized appropriations for 1990-1991, caused mainly by the uncertain availability of cash resources, has resulted in a provisional unutilized balance as at 31 December 1991 of $5,340,096 (after adjusting for the change in the value of assessments due to exchange rate fluctuations). The net overexpenditure against appropriations foreseen in document PBC.7/15 did not arise owing to the reduced expenditure levels in the latter part of 1991.

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4. The Secretariat agrees with the observation of the External Auditor that procedures related to 'other income' should continue to be streamlined. The improvements to procedures will be facilitated by the more detailed breakdown in the programme and budgets for 1992-1993 of cost-shared activities and by changes in the allotment control procedures permitting the identification and accrual of cost reimbursable income.

5. At the time of preparing the 1990-1991 redeployment proposals to fund the additional electronic data-processing (EDP) costs contained in documents PBC.7/2 and GC.4/47, the Secretariat was conscious of the need to utilize general operating cost appropriations to the greatest extent possible for that purpose. By using general operating cost appropriations to fund most of the additional EDP costs, the redeployment of consultant, ad hoc expert meeting and travel funds from substantive departments was kept to a minimum. The increased funding requirements of the EDP programme were met mainly from reduced expenditures in other general operating costs including the deferral of some cost-shared buildings management work.

6. In the 1992-1993 budget, EDP non-staff costs and other general operating costs are clearly separated. Non-staff costs for EDP are budgeted as a separate major object of expenditure and financial performance reports will indicate expenditures under that heading. As regards other general operating costs, those expenditure items and activities which give rise to other income and, in particular, those costs related to the management of the VIC are separately identified in the budget document.

7. The improved budget control procedures introduced in 1992 will facilitate the accrual of cost-shared income related to the fiscal period in which the income is earned thereby fully complying with the principles of accrual accounting and UNIDO financial rule 110.9.

Appropriations and expenditures by major object of expenditure (paras. 16-17 and 62-66)

8. The Secretariat agrees with the recommendation (para. 16) that for future bienniums (including 1992-1993) expenditures should be grouped under major objects of expenditure for comparison with appropriated amounts. In this respect the 1992-1993 programme and budget document (GC.4/42) contains estimates presented by major object of expenditure. Financial performance reports issued for the 1992-1993 biennium will follow the format suggested in paragraph 66 and table 2 of the External Auditor's report.

Reporting to the policy-making organs on the amounts of the final regular budget expenditures by programme and by major object of expenditure (paras. 17 and 67-71)

9. Financial reports including reports on savings on the liquidation of obligations and final regular budget expenditures for a biennium will in future be prepared in line with the recommendations (para. 17) of the External Auditor. A final status of allotments for the biennium 1990-1991 including savings on unliquidated obligations will be presented to the ninth session of the Programme and Budget Committee.

General consideration on the modalities of policy-making organs budgetary control (paras. 18 and 72-78)

10. The Director-General supports the suggestion of the External Auditor (para. 18) that consideration be given to financial control of budget implementation along programmatic component lines. A change in emphasis in financial implementation control from major object of expenditure to programme resource allocations would be a major step forward towards a system of full programme budgeting and warrants further study.

UNIDO "net basis" budget presentation format (paras. 19 and 79-84)

11. The Auditor's comments on the subject of net basis budgeting (para. 19) are discussed in the addendum to the present document (PBC.8/17/Add.1-IDB.10/11/Add.1).

Accounts payable (paras. 20 and 85-90)

12. The Secretariat will give consideration to the recommendation (para. 20) by the External Auditor that a register of credit claims be established. However, the Secretariat believes that the current systems and procedures for recording accounts payable and obligations are adequate to ensure that all liabilities of the Organization are accounted for in the financial records.

Unliquidated obligations - UNDP operating fund (paras. 21 and 91-101)

13. Notwithstanding the comments of the External Auditor on the adherence to procedures on the carry-over of unliquidated obligations (para. 21), the Secretariat believes that the current procedures for review are adequate. However, in response to the Auditor's comments, certifying officers and managers will be reminded of their responsibilities to make thorough reviews of obligations and advise Financial Services of any changes required.

Financial management control statement technique (paras. 22 and 102-106)

14. The introduction of a statement of sources and application of funds (para. 22) into the financial statements for 1990-1991 (schedule 3.3 of PBC.8/9-IDB.10/4) is a positive result of previous constructive recommendations of the External Auditor.

Purchase and Contracts (paras. 25-28 and 112-132)

15. Whereas the External Auditor notes that in the 1990-1991 biennium there were still a number of cases where exceptions to formal bidding and calling for proposals (financial rule 109.19) were invoked for both contracts and purchases, at the same time, he acknowledges "... that the continued efforts made by the Contracts Committee as well as the Contracts and Purchase Sections in order to improve the procedures and the selection process of companies invited to bid and of the final selection of contractors and suppliers ..." (para. 131) and observes that "... the various requests for the waiver of international bidding were made and written justifications were provided, in conformity with the relevant Financial Rules" (para. 120). The Director-General

has noted with interest the positive reaction from the External Auditor on the efforts of the management of UNIDO to finalize new terms of reference for the Committee on Contracts to overcome many of the points raised during the audit exercise.

16. The Secretariat has also actively responded to the recommendation of the External Auditor (which he also made last year), concerning the updating of the roster of consulting engineering organizations and institutions. Provided the current pace can be maintained and funds made available for the purpose, that exercise, which will encompass some 3,500 consulting companies, is scheduled for completion by the end of 1992.

17. With regard to the roster of equipment manufacturers and vendors, the development of which was very slow for want of a unified, system-wide questionnaire, an all-out effort is now being made. In fact, the new United Nations Computer Coding System questionnaire, developed by the Inter-Agency Procurement Services Office under the direction of the Inter-Agency Procurement Working Group and with the participation of practically all the agencies of the United Nations system (among which UNIDO was one of the most active promoters and contributors) has already been addressed to some 900 companies. The questionnaires received so far have been transferred to the UNIDO database.

18. In those two activities and in the preparation of invitee lists for consulting services and bidders, as well as lists for equipment purchases, constant and careful consideration is being paid to consulting companies and equipment manufacturers and vendors from both developing and underutilized major donor countries. At this juncture, all such lists of invitees and bidders include an appropriate number of companies from both groups of countries.

19. The Industrial Development Board has already been informed and the External Auditor has acknowledged that the manual on policies, procedures, rules and regulations governing the activities of the Purchase and Contracts sections is at an advanced stage of preparation.

Technical cooperation activities (paras. 29-32 and 133-152)

20. The Secretariat takes note of the comments of the External Auditor on the programme performance evaluation reports submitted by field offices and agrees that some improvement in the timeliness of the submission and analysis of reports is desirable. Action will be taken to reduce delays in this important area.

21. The Secretariat agrees that improvements to project design are required but that the implementation of project outputs in line with plans are often influenced by factors beyond the control of the Secretariat.

22. The Secretariat welcomes the comments of the External Auditor on the quality of performance reports and tripartite in-depth evaluations as well as on the importance of the internal evaluation system as a management tool.

Electronic data-processing system (paras. 33-35 and 153-180)

23. The Secretariat notes the External Auditor's observations on the computerization programme that a provisional cost reduction in the EDP programme of $1,880,209 as a consequence of renegotiation of major contracts has been accomplished. These reductions were achieved by significant adjustments in hardware and software costs through a consolidated approach to the revision of total programmes in line with the recommendations of the consultants.

24. The Secretariat supports the view that it is most important for UNIDO staff to be fully trained and encouraged to accept and utilize the tools and applications available to provide valuable support to programmes and to improve the quality of their work.

Internal audit function (paras. 36 and 181-187)

25. The Director-General is pleased to note the remark made by the External Auditor that the Internal Audit Unit is performing relatively well and concurs with the External Auditor's recommendation that the draft mandate of the internal audit should be finalized and communicated organization-wide. The draft mandate will be finalized shortly.

26. The Director-General takes note of the External Auditor's recommendation that the Unit should be staffed with at least three Professional auditors (currently two) and two General Service assistant auditors (currently none). The Director-General recognizes the need to strengthen the Unit's capability to review the adequacy of the controls that should be built into major new systems or procedures and intends to take appropriate measures to the extent possible under the current financial and budgetary constraints.

II. ACTION REQUIRED OF THE COMMITTEE

27. The Committee may wish to take note of the Director-General's comments and of the action taken in response to the observations and the concerns expressed by the External Auditor.

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REPORT OF THE EXTERNAL AUDITOR, FINANCIAL PERFORMANCE REPORT AND PROGRAMME PERFORMANCE REPORT FOR THE BIENNIUM 1990-1991

Net basis budgeting

Report by the Director-General

Summary

Addresses the concerns raised by the External Auditor on the net basis system of budgeting and proposes an alternative.

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Introduction

1. The External Auditor in his report covering the period 1990-1991 (IDB.10/4-PBC.8/9, paras. 79 to 84) has made specific comments on the net basis budget presentation format adopted for the presentation of the 1992-1993 programme and budget estimates. The present paper discusses the net basis system of budgeting and proposes an alternative approach to the presentation of the budgetary estimates.

I. BACKGROUND

2. In the format approved by the Industrial Development Board for the programme and budgets, 1992-1993 (IDB.7/Dec.11), budgetary estimates were to be presented on a "net" basis: reducing the gross estimates by the cost reimbursement income derived from activities of cost-shared joint and common services undertaken in Conference Services and Administration. Thus the net cost of UNIDO activities would be presented for approval to the policy-making organs.

3. Although the programme and budgets for 1992-1993 were subsequently prepared along those lines and duly adopted, some Member States raised questions during the fourth session of the General Conference about the propriety of presenting budgetary estimates on a net basis. The External Auditor has submitted comments and observations to the Secretariat on the preparation of budget estimates on that basis (IDB.10/11-PBC.8/17, paras. 79-84). In those comments and observations, the External Auditor expressed the opinion that the presentation of the estimates in that form did not meet the requirements of universality governing the presentation of budget estimates. They opined that such estimates should include the estimated cost of all transactions, including those with third parties, and the estimates of income relating to those transactions should be shown as such.

4. The External Auditor also observed that the net basis presentation was inconsistent with the Financial Rules and Regulations of UNIDO concerning the presentation of budgetary estimates for income and expenditures.

5. The presentation of the budget estimates contained in the programme and budgets for 1992-1993 (GC.4/42 and Add.1) complied with the format approved by the Board. The approved format indicated more clearly than the previous format the costs of UNIDO programmes to the Member States since it netted the cost of work done for other agencies against the reimbursement received for those services. The budgetary estimates thus

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presented on a net basis were not distorted by the high proportion of cost reimbursable activities carried out in the support areas, particularly in the Department of Administration. Introductory paragraphs 103 and 104 and annex J of the programme and budgets, 1992-1993 (GC.4/42) provide a detailed breakdown of the gross and net costs to UNIDO (at 1991 rates).

II. AN ALTERNATIVE APPROACH

6. Notwithstanding the above arguments in favour of presenting budget estimates on a net basis, the Secretariat recognizes the validity of the External Auditor's observations on the need to ensure that the financial implementation and reporting of the programme and budget income and expenditures for 1992-1993 as well as the presentation of budgetary estimates for 1994-1995 fully comply with the Financial Rules and Regulations.

7. In order to meet the concerns expressed by the External Auditor and to ensure compliance with the Financial Rules and Regulations, a change is required in the basis of presentation and format of the programme and budgets approved by the Industrial Development Board at its seventh session. By way of illustration, the change in presentation of the 1992-1993 appropriations contained in GC.4/42/Add.1 and approved in GC.4/Res.27 would be as follows:

8. The amounts in column 1 reflect the gross estimates including cost reimbursable expenditures; those in column 2 the cost reimbursement income estimates. The appropriation net of cost reimbursement income is shown in column 3. The assessments of Member States would remain unchanged as these are based on the appropriation total shown under column 3 ($181,013,400) less the miscellaneous income estimate of $1,750,600. The resultant sum ($179,262,800 at US$1 = AS 12.90) is the appropriation presented on a net budget basis and approved by the General Conference (GC.4/Res.27, subpara. 3 (a)).

9. The External Auditor has indicated that the presentation of the budget estimates as shown in the table below would meet the requirements of the financial rules and regulations.

III. ACTION REQUIRED OF THE COMMITTEE

10. The Committee may wish to take note of the implications of the net basis presentation of the programme and budgets estimates as contained in the present document and to recommend to the Industrial Development Board that future budget estimates be presented on a gross and net basis, including expenditure and income for cost reimbursable activities.

(In United States dollars)

	Appropriation including reimbursable cost estimates (1)	Cost reimbursement income (2)	Appropriation net of reimbursable costs (3)
Policy-making Organs	2,543,000	-	2,543,000
General Management	6,113,300	-	6,113,300
Programme and Programme Development	33,047,200	-	33,047,200
Industrial Promotion, Consultations and Technology	17,267,800	-	17,267,800
Industrial Operations	35,431,500	-	35,431,500
Common Programmes	15,786,200	-	15,786,200
External Relations, Public Information, Language and Documentation Services	27,172,300	3,627,500	23,544,800
Administration	77,034,200	29,754,600	47,279,600
TOTAL	214,395,500	33,382,100	181,013,400